

To: President-elect Donald J. Trump Transition Team
From: Heidi Brock, President & CEO, The Aluminum Association
Subject: A Trade Agenda to Advance the American Aluminum Industry

The U.S. aluminum industry is at risk. While demand for our product has grown for six consecutive years, Chinese overcapacity of aluminum production is threatening the viability of our industry and the more than 160,000 American jobs it supports.

Since 2015, seven U.S.-based aluminum smelters – more than 60 percent of U.S. primary aluminum smelting capacity – have curtailed or closed. At the same time, downstream U.S. aluminum producers are feeling the impact as Chinese aluminum products flood the world market.

Chinese aluminum production and fabricating capacity has grown at an alarming rate – from about 11 percent of global primary aluminum production in 2000 to nearly 55 percent today. [China's artificial incentives and government subsidies](#) have led to smelters and downstream production facilities being built even when it makes little economic or environmental sense.

The U.S. aluminum industry is comprised of some of the most competitive and innovative companies in the world, and is committed to free and fair trade principles. Our companies need your help to ensure that China abides by its WTO commitments to ensure a level playing field for U.S. aluminum companies and workers.

We urge you to make aluminum a top trade priority with China, aggressively address unfair trade practices by Chinese aluminum producers, and bring China to the negotiating table in order to secure an agreement to:

- *End Subsidies and Other Market-Distorting Behavior, and Reduce Overcapacity:* The Chinese government should pursue policies that align with its own stated [sustainable development goals](#) by (1) eliminating subsidies, preferential state lending, and other incentives that artificially prop up primary aluminum production and encourage the installation of yet more unneeded aluminum production and fabricating capacity; (2) allowing inefficient and antiquated facilities to close; and (3) ending incentives for the production of fabricated products for export.
- *Crack Down on Misclassification and Transshipment:* There's [growing evidence](#) that some Chinese producers are deliberately misclassifying primary aluminum and aluminum products, or shipping the metal through third-party countries to avoid relevant trade duties, unconstrained by government enforcement. China's current tax policies provide a significant stimulus for this type of behavior and should be reexamined. This illegal behavior distorts the market and violates Chinese and U.S. law.
- *Increase Market Transparency:* China should be more transparent -- providing credible, real-time data on aluminum production; shipments; status and verification of environmental standards; and state-owned enterprises (SOEs) in the industry.
- *Hold China to Commitments on Environmental Policies and Greenhouse Gas Reduction:* China has adopted a number of environmental policy measures for its manufacturing sector, yet does

not enforce compliance. This lack of enforcement should be considered a subsidy to China's aluminum industry. In addition to capping coal consumption as part of a comprehensive greenhouse gas emissions reduction plan with the U.S., [China should set a specific goal to limit and reduce CO2 emissions from aluminum production](#). This will limit pollution in China while leading to an overall reduction in global greenhouse gas emissions.

- *Ensure Cost Effective, Timely Enforcement of U.S. and WTO Trade Rules:* Robust enforcement of U.S. trade remedies and WTO rules enables U.S. aluminum companies to compete on a level playing field in a highly competitive global marketplace. Relief in the form of U.S. antidumping and countervailing duties, and other WTO sanctioned responses, takes too long. It is only available once the industry experiences irreparable harm, and involves costly litigation often costing millions of dollars.

We look forward to working with your Administration to address these complex issues

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